



**U.S. Department of Justice**

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**For Immediate Release:**

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**EVENT: Sentencing**

**Defendant: William J. Rauwerdink**

**FORMER CHIEF FINANCIAL OFFICER**

**OF LASON, INC. SENTENCED 45 MONTHS IN PRISON**

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WILLIAM J. RAUWERDINK, the former Chief Financial Officer of Lason, Inc., was sentenced today to 45 months' imprisonment based on convictions for conspiring to commit mail, wire, and bank fraud and make false statements to the Securities and Exchange Commission, and to filing a false and fraudulent quarterly report (10-Q) with the SEC, announced Stephen J. Murphy, United States Attorney for the Eastern District of Michigan, and Andrew G. Arena, Special Agent in Charge of the Detroit Division of the Federal Bureau of Investigation.

Rauwerdink pleaded guilty to those charges in November 2006 before U.S. District Judge Arthur J. Tarnow. At today's sentencing hearing, Judge Tarnow also ordered Rauwerdink to pay \$115 million in restitution to Lason's former shareholders and \$170 million in restitution to Lason's principal lender, a bank group led by Bank One, Michigan (now JPMorgan Chase Bank). In addition, Judge Tarnow ordered him to serve a 2-year term of supervised release following his release from prison. Rauwerdink, 57 years old and a resident of West Bloomfield, Michigan, will voluntarily surrender to the Federal Bureau of Prisons to serve his sentence.

In imposing the sentence, Judge Tarnow observed that at Lason, "greed and avarice" prevailed "at the expense of Lason's shareholders, banks, employees, and

customers.”

United States Attorney Murphy said, “Today’s sentence shows that corporate leaders who commit fraud will serve substantial time in prison, just as common thieves. These corporate fraud cases are complex, fact intensive, and difficult to unravel. However, our cadre of experienced white-collar crime prosecutors are extremely skilled at investigating and prosecuting corporate fraud cases. I salute the fine work of the AUSAs involved, the FBI agents assigned to the matter, and the SEC’s Enforcement Division.”

At the time of Rauwerdink’s offenses, early 1998 through late 1999, Lason was a publicly traded company headquartered in Troy, Michigan, that provided printing, mail-processing, and electronic information services. It had dozens of operating units located throughout the United States and in other countries, and provided its services to hundreds of business customers, including automobile manufacturers.

Rauwerdink, a certified public accountant, joined Lason in May 1996 as an Executive VP and its Chief Financial Officer. In October 1996, Lason made its initial public offering. Rauwerdink had been the CFO of Medstat Group, another public company, before joining Lason. In December 1995, he agreed to settle charges of insider trading in Medstat stock filed by the SEC and was permanently enjoined by a federal district judge from committing securities fraud.

The conspiracy charge to which Rauwerdink pleaded guilty was based on Lason’s accounting fraud in 1998 and the first three quarters of 1999, when Lason fraudulently managed its earnings and boosted its reported earnings per share by shifting revenues and expenses when it acquired other companies and by fabricating revenues referred to as “work-in-process.” Rauwerdink was deeply involved in this accounting fraud, meeting with other Lason executives to ensure that Lason’s reported earnings per share met or exceeded the estimates of stock analysts. Lason reported its inflated earnings per share figures every quarter through press releases drafted by Rauwerdink, conference calls in which he participated, and 10-Qs and 10-Ks filed with the SEC that he signed.

The scheme began to seriously unravel on December 17, 1999, when Lason announced that it would not meet Wall Street’s earnings projections for the fourth quarter. The next business day, December 20, Lason’s stock price fell from \$23.31 to \$11.44 per share, a decrease of 51%. The stock price never recovered. By the second quarter of 2000 it was below \$5.00 per share. By the end of 2000, Lason’s stock was virtually worthless.

On December 5, 2001, Lason filed for bankruptcy protection under Chapter 11 with the consent of the bank group led by Bank One. On July 1, 2002, Lason emerged from bankruptcy as a privately held company. Lason’s existing common stock was canceled, and new Lason stock was issued, most of which was provided to the bank group. Lason, which was recently acquired by HOV Services Limited, an outsourcing company based in India, fully cooperated with the government’s investigation.

On April 4, 2007, Judge Tarnow sentenced the former Chairman and CEO of Lason, Gary Monroe, to 15 months' imprisonment and two years' supervised release, and ordered him to pay \$20 million in restitution to Lason's former shareholders. On March 16, 2007, Judge Tarnow sentenced Lason's former President and COO, John Messinger, to a year and a day in prison and three years' supervised release and ordered him to pay \$20 million in restitution to Lason's former shareholders. The sentences of Monroe and Messinger were based in part on the cooperation they provided to the government in connection with the prosecution of Rauwerdink.

The criminal investigation of this case was conducted by the FBI, with assistance from the SEC's Division of Enforcement. The case was prosecuted by Assistant U.S. Attorneys Jennifer Gorland and Stephen Hiyama.